(Washington, DC)— In an effort to help low-income workers finance the purchase of cars for better access to critical job opportunities, Congresswoman Gwen Moore introduced the Creating Access to Rides (CAR) Act today in the U.S. House of Representatives.

The legislation was prompted by studies which show that people are more likely to find steady employment and earn a decent wage when they have access to a car. The bill would establish a 5-year, $50 million grant program through which states, localities, and nonprofits could apply for funding to strengthen existing low-income car ownership programs or create new ones.

“Just imagine being a low-income worker with a job in the suburbs but you can’t physically get there because the local bus doesn’t run near your work site – or you work the graveyard shift when public transportation is shut down - or you work in a neighboring town’s factory. This legislation would assist these workers in getting to their job on time and ready to work,” Congresswoman Gwen Moore said. “This legislation would help in removing a huge obstacle workers face on their path to steady employment.”

In recent years, a number of states and non-profit organizations have developed programs to assist the working poor with the purchase of a car by making available for-subsidized sale, lease-donated vehicles, or vehicles purchased wholesale from dealerships that have been repaired to good working order. These programs also work with local lending institutions to obtain car loans for low-income workers while providing financial education and promoting financial literacy. The programs also help to improve a low-income family's credit and connect them to a savings institution.

In addition to providing funding to low-income car ownership programs, the bill would also encourage car ownership through the use of Individual Development Accounts (IDAs). IDAs are special savings accounts for very low-income individuals through which, as an incentive to save, a person's contributions to the account are matched by public and private funding. States can use federal funds authorized by a little-known law called the Assets for Independence Act (AFIA) to match participant contributions to IDAs. However, when IDA contributions are matched using AFIA funds, withdrawals may be used for only three qualified expenses: homeownership, post-secondary education, and starting a business. The CAR Act would expand permissible IDA uses under AFIA matching rules to include the purchase of a car.

Under existing laws, states can also use their Temporary Assistance for Needy Families (TANF) funds to match IDA contributions made by workers, and can choose to allow worker withdrawals from IDAs for the purpose of purchasing a car. The CAR Act would eliminate the possibility that a TANF-funded IDA might count against a person’s eligibility for other federal assistance programs - such as Food Stamps.

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